

IOWA ASSOCIATION OF SCHOOL BOARDS
CONSOLIDATED FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

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**INDEPENDENT AUDITOR'S REPORT ON
THE CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors
Iowa Association of School Boards
Des Moines, Iowa

We have audited the accompanying consolidated statement of financial position of the Iowa Association of School Boards (the Association) and its controlled entities as of June 30, 2010 and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2009 financial statements and, in our report dated July 8, 2010, we expressed a qualified opinion on those financial statements.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain written representations from certain members of management responsible for financial activities of the Association from July 1, 2009 through January 12, 2011, which took place under substantially different management.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the written representations referred to in the preceding paragraph been furnished to us by certain members of management, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Iowa Association of School Boards as of June 30, 2010 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the written representations referred to in the preceding paragraph been furnished to us by certain members of management, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2011 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Brooks Lodden, P.C.

West Des Moines, Iowa
January 12, 2011

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2010

With Comparative Totals for 2009

ASSETS	2010 Consolidated Totals	2009 Comparative Totals
	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 1,078,355	\$ 1,740,249
Assets held on behalf of others in an agency capacity:		
Cash - Iowa Council of School Board Attorney's Fund	46,230	44,293
Cash - Iowa Schools Joint Investment Trust	2,276,957	2,904,083
Accrued interest receivable	1,750,747	1,898,676
Certificates of deposit	980,000	12,480,000
Repurchase agreements	126,050,000	116,884,000
U.S. government agency obligations	422,340,513	347,558,460
Demand deposits	35,058,411	25,038,922
U.S. treasury bills	2,999,644	-
Accounts receivable, net of allowance of \$38,000	573,385	711,873
Accounts receivable - related parties	118,299	-
Contributions receivable	5,030	-
Accrued interest receivable	-	6
Office property and equipment, net	3,365,088	3,703,297
Other assets	6,828	71,332
	<u> </u>	<u> </u>
Total assets	<u>\$ 596,649,487</u>	<u>\$ 513,035,191</u>
 LIABILITIES		
Accounts payable	\$ 1,018,961	\$ 532,832
Accounts payable - related entities	292,320	-
Deferred revenue	306,450	635,996
Interest rate swap	258,584	207,501
Accrued wages	340,041	-
Accrued vacation	42,062	47,979
Accrued interest	5,699	5,942
Accrued property taxes	103,200	103,912
	<u> </u>	<u> </u>
	<u>\$ 2,367,317</u>	<u>\$ 1,534,162</u>
 Agency fund - Iowa Council of School Board Attorney's Fund	 <u>\$ 46,230</u>	 <u>\$ 44,293</u>
 Agency fund - held in trust for participants in ISJIT	 <u>\$ 589,571,817</u>	 <u>\$ 504,807,167</u>
 Accrued pension benefit liability	 <u>\$ 795,684</u>	 <u>\$ 1,292,459</u>
 Mortgage payable	 <u>\$ 1,133,520</u>	 <u>\$ 1,157,070</u>
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 593,914,568</u>	<u>\$ 508,835,151</u>
 NET ASSETS		
Unrestricted	\$ 2,716,461	\$ 4,136,663
Temporarily restricted	18,458	63,377
Total net assets	<u>\$ 2,734,919</u>	<u>\$ 4,200,040</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 596,649,487</u>	<u>\$ 513,035,191</u>

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

With Comparative Totals for 2009

	Unrestricted	Temporarily Restricted	2010 Consolidated Totals	2009 Comparative Totals
REVENUES				
Memberships	\$ 1,279,788	\$ -	\$ 1,279,788	\$ 1,229,480
Publications, forms and materials	223,995	-	223,995	206,608
Convention and conferences	481,697	-	481,697	545,453
Consulting services	28,920	-	28,920	39,662
Professional services	300,072	-	300,072	293,597
Contributions	305	5,030	5,335	110,273
Administrative services	1,704,185	-	1,704,185	2,718,969
Online payment services	2,048,578	-	2,048,578	1,240,087
Advertising	-	-	-	9,060
Sponsorships	242,437	-	242,437	484,147
Risk management and insurance program	507,489	-	507,489	402,740
Grants	3,428,090	-	3,428,090	2,629,047
Rental income	118,349	-	118,349	152,708
Energy supply and distribution	-	-	-	31,266
Net assets released from restrictions satisfied by payments	49,949	(49,949)	-	-
Total revenues	<u>\$ 10,413,854</u>	<u>\$ (44,919)</u>	<u>\$ 10,368,935</u>	<u>\$ 10,093,097</u>
EXPENSES				
Program services:				
Advocacy services	\$ 115,574	\$ -	\$ 115,574	\$ 151,035
Governance and leadership services	1,902,146	-	1,902,146	2,342,089
Convention and conferences	438,175	-	438,175	546,686
Lighthouse	199,350	-	199,350	153,625
CLIK	42,521	-	42,521	82,067
Investment services	654,304	-	654,304	688,170
Administrative services	1,079,718	-	1,079,718	174,481
Employee benefits services	345,449	-	345,449	558,982
Online payment services	1,897,692	-	1,897,692	1,483,572
Energy services	-	-	-	7,145
Background check services	160,645	-	160,645	190,342
Drug and alcohol testing services	224,024	-	224,024	299,649
Assessment services	2,969,481	-	2,969,481	2,109,602
Other programs	429,566	-	429,566	729,428
	<u>\$ 10,458,645</u>	<u>\$ -</u>	<u>\$ 10,458,645</u>	<u>\$ 9,516,873</u>
Supporting services:				
Management and general	\$ 2,733,455	\$ -	\$ 2,733,455	\$ 2,221,851
Fundraising	652	-	652	1,658
	<u>\$ 2,734,107</u>	<u>\$ -</u>	<u>\$ 2,734,107</u>	<u>\$ 2,223,509</u>
Total expenses	<u>\$ 13,192,752</u>	<u>\$ -</u>	<u>\$ 13,192,752</u>	<u>\$ 11,740,382</u>

(Continued)

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

With Comparative Totals for 2009

	Unrestricted	Temporarily Restricted	2010 Consolidated Totals	2009 Comparative Totals
OTHER REVENUE (EXPENSE)				
Interest income	\$ 4,755	\$ -	\$ 4,755	\$ 58,297
Other income	25,477	-	25,477	111,364
Investment income	1,568,785	-	1,568,785	4,834,437
Dividends issued to participants in ISJIT	(636,642)	-	(636,642)	(3,627,547)
Change in value of interest rate swap	(51,083)	-	(51,083)	(91,153)
Change in accrued pension liability	496,775	-	496,775	-
Loss on discontinued software	(66,708)	-	(66,708)	(333,515)
(Provision) for income tax	-	-	-	(1,039,069)
Gain on the sale of assets	-	-	-	994,837
Gain on the cost of issuance	17,337	-	17,337	112,204
	\$ 1,358,696	\$ -	\$ 1,358,696	\$ 1,019,855
Total other revenue	\$ 1,358,696	\$ -	\$ 1,358,696	\$ 1,019,855
Change in net assets	\$ (1,420,202)	\$ (44,919)	\$ (1,465,121)	\$ (627,430)
Net assets at beginning of year	4,136,663	63,377	4,200,040	4,827,470
Net assets at end of year	\$ 2,716,461	\$ 18,458	\$ 2,734,919	\$ 4,200,040

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2010

With Comparative Totals for 2009

	2010 Consolidated Totals	2009 Comparative Totals
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,392,602)	\$ (627,430)
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	383,468	566,659
(Gain) on sale of fixed assets	-	(994,837)
Deferred taxes	-	1,039,069
Swap liability	51,083	91,153
Loss on discontinued software	-	333,515
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	85,609	427,273
Pledges receivable	(5,030)	4,835
Accrued interest receivable	(9,035)	263,272
Other assets	64,504	(42,436)
(Decrease) increase in liabilities:		
Agency funds	(72,521)	(234,564)
Accounts payable	713,033	(393,749)
Accrued property taxes	(712)	(20,007)
Accrued interest	8,798	24,347
Accrued wages	340,041	-
Accrued vacation	(5,918)	47,979
Contributions payable	-	(4,835)
Accrued pension liability	(496,775)	276,317
Customer deposits	-	(95,065)
Deferred revenue	(329,546)	(560,320)
Net cash (used in) provided by operating activities	<u>\$ (665,603)</u>	<u>\$ 101,176</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	\$ -	\$ 994,837
Amounts expended for computer software	(4,800)	(348,331)
Purchase of property and equipment	(40,460)	(51,001)
Net cash (used in) provided by investing activities	<u>\$ (45,260)</u>	<u>\$ 595,505</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of units to ISCAP	\$ 72,519	\$ -
Principal payments on notes payable	(23,550)	(21,860)
Net cash provided by (used in) financing activities	<u>\$ 48,969</u>	<u>\$ (21,860)</u>
Net (decrease) increase in cash and cash equivalents	\$ (661,894)	\$ 674,821
Cash and cash equivalents at beginning of year	<u>1,740,249</u>	<u>1,065,428</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,078,355</u></u>	<u><u>\$ 1,740,249</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 105,883</u>	<u>\$ 101,946</u>

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies

Principles of consolidation:

The consolidated financial statements include the accounts of the Iowa Association of School Boards (the Association) and its wholly-owned subsidiary, Local Government Services, Inc. (LGS), along with the accounts of the Iowa Schools Joint Investment Trust (ISJIT), Iowa Association of School Boards Foundation (ISBF), Iowa Joint Utility Management Program (IJUMP) (dissolved as of June 30, 2009) and Iowa Schools Cash Anticipation Program (ISCAP). The accounts of ISJIT, ISBF, IJUMP, and ISCAP are included in the consolidated financial statements as the majority of the board of directors of these organizations are appointed by the board of directors of the Association, and the Association has an economic interest in these organizations. All material inter-company accounts and transactions are eliminated in consolidation.

Nature of organization:

The Association is a nonprofit organization operating to develop, strengthen, and correlate the work of the school boards of the public schools in their efforts to promote the educational interests of the state of Iowa and to provide such services as will enhance these purposes. Services offered to members by the Association include publications, research, consulting, conferences, conventions, cash management, and risk management.

LGS is a for-profit, wholly-owned subsidiary of the Association. LGS operates in a support capacity for the Association, which includes technology, infrastructure, and office operations. LGS also seeks to create aggregation opportunities for members of the Association and other educational and government institutions in Iowa and other states, and operates the Association's sponsored programs. LGS is run for the benefit of the members of the Association, and all net revenue returned to the Association is invested into member services. By creating new business services and making existing business services more efficient, LGS preserves resources for the Association's members for student achievement and allows administrators to focus on the core mission of public education. Business services include marketing and administrative support for both nonprofits and intergovernmental organizations, PaySchools, and other Association sponsored programs.

ISJIT was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa. ISJIT is exempt from federal and state income taxes under Internal Revenue Code Section 115. The organization was formed to allow Iowa schools to invest monies pursuant to a joint investment agreement.

ISBF is a separate organization formed under 501(c)(3) of the Internal Revenue Code and is subject to federal income taxes only on any unrelated business income under the Internal Revenue Code. ISBF was formed to serve the educational needs of Iowa public school boards. The organization's primary programs were Lighthouse and Communities for Literate Iowa Kids (CLIK).

IJUMP is a separate organization formed under Iowa Nonprofit Corporation Act, Chapter 504A, of the Code of Iowa, 2001, and is a tax-exempt organization as described in Section 501(c)(4) of the Internal Revenue Code. IJUMP is subject to federal income taxes only on any unrelated business income under the Internal Revenue Code. IJUMP was formed to provide energy and energy-related services to school districts, other public agencies, and nonprofit organizations. IJUMP was formally dissolved as of June 30, 2009 (See Note 2).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (*Continued*)

Nature of organization: (*Continued*)

ISCAP was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa. ISCAP is exempt from federal and state income taxes under Internal Revenue Code Section 115. The organization was organized to provide a method of funding general fund deficits for school corporations participating in the ISCAP program. The Administrative Fund of the ISCAP program collects fees to cover expenses for the administration of the program.

Other related parties:

Iowa Schools Employee Benefit Association (ISEBA) was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa to provide insurance to school employees. ISEBA currently offers medical, prescription drug, vision, and dental insurance coverage to members. ISEBA is considered a related party to the Association through common board members and management. ISEBA is not considered to be part of the reporting entity as the Association does not have a majority of the voting interest in ISEBA. The ISEBA Board consists of three Board members appointed by the Association, three Board members appointed by the Iowa State Education Association (ISEA), one superintendent, one teacher, and one business manager or board secretary, each of which is appointed jointly by the Association and the ISEA.

Classification of net assets:

Unrestricted – assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Association’s governing board may earmark portions of its unrestricted net assets as board-designated for various purposes.

Temporarily restricted – assets resulting from contributions and other inflows of assets whose use by the Association is limited to donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Association meeting the purpose of the restriction.

Permanently restricted – assets resulting from contributions which are permanently restricted by donors. Although such assets may not be expended, the investment income earned on them is generally to be expended for a specific purpose. The Association currently has no such assets.

A summary of the organization’s significant accounting policies is as follows:

Use of accounting estimates and assumptions:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies *(Continued)*

A summary of the organization's significant accounting policies is as follows: *(Continued)*

Cash and cash equivalents:

The Association considers all unrestricted deposits, savings and money market accounts to be cash equivalents.

Assets held on behalf of others (Agency Funds):

The Association has presented on its statement of financial position certain assets designated as "Assets held on behalf of others in an agency capacity." These assets represent cash being held for the Iowa Council of School Board Attorney's Fund and assets being held on behalf of school corporations participating in ISJIT, which includes cash equivalents (demand deposits and repurchase agreements), U.S. government agency obligations, certificates of deposit, and commercial paper. These assets are designated for the use and purpose of these school corporations and cannot be used in the operations of the Association. Activity within these assets is netted for purposes of cash flow disclosure due to the agency capacity in which they are held. Income earned on the pooled investments is allocated to the respective participants.

Accounts receivable:

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and regularly evaluating individual customer receivables, considering a customer's financial condition and credit history. Accounts are considered past due 30 days past invoice date. Interest is not normally charged on past due accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Promises to give:

Contributions, which are defined as unconditional transfers of cash or other assets including unconditional promises to give those items in the future, are measured at fair value on the date received and recognized as revenue. The imposition of restrictions on how a contribution is to be used does not delay recognition. However, the recognition of conditional gifts is delayed until the conditions are met.

The Association distinguishes between contributions received with temporary restrictions and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as restricted support. Receipts of unconditional promises to give with payments due in future periods are reported as restricted support unless it is clear that the donor intended the gift to be used to support activities in the current period. Gifts of long-lived assets received without donor-imposed restrictions are considered unrestricted support.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (Continued)

A summary of the organization's significant accounting policies: (Continued)

Repurchase agreements:

ISJIT's investment policy allows the organization to enter into collateralized perfected repurchase agreements secured by the U.S. government or U.S. government agency obligations. A repurchase agreement involves the sale of such securities to ISJIT with the concurrent agreement of the seller to repurchase them at a specified time and price to yield an agreed-upon rate of interest. The securities collateralizing the agreement are held by the custodian and regularly verified and maintained daily in an amount equal to at least 102% of the agreements. At June 30, 2010, the securities purchased under overnight agreements to resell were collateralized by government and government agency securities in the name of ISJIT with market values of approximately \$128,571,134, held in an agency capacity.

Fair value of financial instruments:

Investments in certificates of deposit, U.S. government agency obligations, U.S. treasury bills and commercial paper (including those held in an agency capacity) are recorded at amortized cost which approximates the fair value of the financial instruments based upon quoted market prices.

Based on the interest rates available to the Association, the carrying value of long-term debt is a reasonable estimation of fair value.

Interest rate swap value is determined through a valuation model used by the holder which uses interest rate factors from the market.

Property and equipment:

All acquisitions and betterments of property and equipment in excess of \$3,000 for each item for computer hardware and software and \$1,500 for each item of other classes of property and equipment are capitalized. Property and equipment are carried at cost. Depreciation and amortization on property and equipment is provided using the straight-line method over estimated lives ranging from 3 to 39 years. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Agency funds:

The Association holds funds on behalf of the Iowa Council of School Board Attorneys Fund (ICSBA). ICSBA is available to attorneys representing members of the Association who elect to pay membership dues to ICSBA. The funds received are used to provide membership in the National School Board Association's Council of School Attorneys and services such as special topic workshops and materials published by the Association. The Association serves as the fiscal agent and coordinator of ICSBA; however, ICSBA has retained the right to designate the resources of this fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (*Continued*)

A summary of the organization's significant accounting policies: (*Continued*)

Deferred revenue:

The Association records membership and other fees received in advance as deferred revenue. These amounts are recognized as revenue during the period in which they are earned.

Compensated absences:

Employees of the Association are entitled to paid vacations, depending on the job classification, length of service, and other factors. A financial statement element called "Accrued vacation" is recorded as a liability in the consolidated statement of financial position to account for this benefit.

Derivative instruments and hedging activities:

The Association accounts for derivatives and hedging activities in accordance with authoritative guidance issued by the FASB, which requires that all derivative instruments be recorded in the statement of financial position at fair value.

Program services of the organization are as follows:

Advocacy services – Include expenses associated with government relations, personnel and labor relations, school finance and other advocacy programs.

Governance and leadership services – Include expenses associated with board and leadership development, executive search, board policy, and other governance and leadership programs.

Convention and conferences – Include expenses associated with the Association's annual convention and other statewide or locally-held conferences organized by the Association.

Lighthouse – Includes expenses associated with the original Lighthouse Study, the third phase of continued research, and the Multi-State replication phase.

Communities for Literate Iowa Kids Project (CLIK) – Includes expenses associated with early literacy development programs.

Investment services – Include expenses associated with ISJIT and other investment programs.

Administrative services – Include expenses associated with ISCAP and other programs requiring administrative services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (*Continued*)

A summary of the organization's significant accounting policies: *Continued*)

Program services of the organization are as follows: (*Continued*)

Employee benefit services – Include expenses associated with ISEBA medical, vision, life, dental, and accidental death insurance coverage and other employee benefit programs.

Online payment services – Include expenses associated with PaySchools, Give2Schools and other online payment programs.

Energy services – Include expenses associated with IJUMP natural gas and other energy-related programs. Program was dissolved as of June 30, 2009.

Background check services – Include expenses associated with the employee background check program.

Drug and alcohol testing services – Include expenses associated with the Iowa Drug & Alcohol Testing Program (IDATP).

Assessment services – Include expenses associated with Skills Iowa, I-Growth, and other assessment programs.

Income taxes:

The reporting entity is comprised of nonprofit, for-profit, and governmental corporations as noted above and is exempt from federal and state taxes on related income. The reporting entity is, however, subject to federal and state income taxes on any net unrelated business income under the provisions of Section 511 of the Code. LGS, the wholly-owned for-profit subsidiary of the Association, is subject to federal and state income taxes as provided below.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due or refundable plus deferred taxes. Deferred taxes result from the recognition of deferred tax liabilities and assets for expected future income tax consequence events that have been recognized in the Association's financial statements which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. Management periodically reviews the value of deferred tax assets to determine the future realization of the asset. If management determines the asset will not be realized a valuation allowance is applied to the asset.

The Association has adopted the authoritative guidance issued by the Financial Accounting Standards Board on accounting for uncertainty in income taxes, effective for the year ended June 30, 2010. Management believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. Any interest and penalty payments would be recorded in separate accounts in the operating expenses. The Association's remaining open years subject to examination include the years ended June 30, 2007 through 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Dissolution of Related Party Organization

IJUMP was created as a pilot program to determine the feasibility of mid-sized commercial enterprises (i.e., school buildings) buying competitively-priced natural gas. The Iowa Utilities Board evaluated the program and ordered the tariff to be expanded beyond schools to all non-residential consumers. As of June 30, 2009, the Board has formally dissolved the organization.

Note 3. Significant Estimates

A liability is recorded for the value of an interest rate swap. This is an estimate of the swap's fair value based on benchmark levels of recent swaps entered into on similar terms and it is reasonably possible that the estimate may change significantly in the near term.

The deferred tax asset valuation allowance is based upon management's estimate of the future realization of the deferred tax asset. It is reasonably possible that the valuation allowance may change significantly in the near term.

Pension plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimates and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Note 4. Concentrations

The Association routinely has cash balances at financial institutions in excess of FDIC insured limits. The Association has not experienced any losses as a result of this.

Note 5. Property and Equipment

At June 30, 2010 the cost and accumulated depreciation of property and equipment were as follows:

Land	\$ 505,638
Buildings and improvements	2,980,093
Office equipment	126,576
Computer equipment	418,386
Computer software	<u>1,075,650</u>
	<u>\$5,106,343</u>
Less accumulated depreciation and amortization	<u>1,741,255</u>
	<u><u>\$3,365,088</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Income Taxes

LGS accounts for income taxes in accordance with authoritative guidance issued by the FASB, whereby deferred taxes are provided on temporary differences arising from assets and liabilities whose basis is different for financial reporting and income tax purposes. Deferred taxes are attributable to the effects of the following items:

- Differences in calculating depreciation on fixed assets
- Tax loss carryforwards

Deferred taxes consist of the following at June 30, 2010:

Deferred tax assets	\$ 1,679,900
Valuation allowance	<u>(1,679,900)</u>
	<u>\$ -</u>

Subsequent to June 30, 2009, LGS's management significantly changed programs managed by LGS. These changes significantly decreased current and future revenues which affected the future realization of the deferred tax asset. Based on the factors in place, the Board decided to apply a 100% valuation allowance to the deferred tax asset.

As of June 30, 2010, LGS had a net operating loss carryforward of \$4,030,721 that can be deducted against future taxable income. This tax carryforward amount will expire as follows:

<u>June 30,</u>	<u>Amount</u>
2026	\$ 203,323
2027	1,286,839
2028	939,673
2029	1,119,306
2030	<u>481,580</u>
	<u>\$4,030,721</u>

Note 7. Agency Funds

Agency fund activity for the year ended June 30, 2010 was as follows:

	<u>ICSBA</u>	<u>ISJIT</u>
Balance at beginning of year	\$ 44,293	\$ 504,807,167
Revenue:		
Dues	12,460	-
Interest income	57	-
Other	1,850	-
Units sold	-	2,175,676,099
Units redeemed	-	(2,089,663,636)
Dividends issued	-	636,642
Eliminations	-	(1,884,455)
Program, administrative and support services expenditures	<u>(12,430)</u>	<u>-</u>
Balance at end of year	<u>\$ 46,230</u>	<u>\$ 589,571,817</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Retirement Plans

Pension Plan:

The Association sponsors a defined benefit pension plan (the Plan) covering substantially all of its employees. Benefits under the Plan were based on an employee's years of service and compensation during the years immediately preceding retirement. The Plan's assets include equity, debt, and real estate pooled separate accounts. The Association's policy is to fund pension cost accrued.

The following table summarized the benefit obligations, the fair value of Plan assets, and the funded status for the year ended June 30, 2010:

Fair value of plan assets at beginning of period		\$2,276,278
Actual return of plan assets		320,439
Employer contributions		-
Benefits paid		<u>(146,916)</u>
Fair value of plan assets at end of period		<u>\$2,449,801</u>
Benefit obligation at beginning of period		\$3,568,737
Interest cost		140,118
Actuarial (gain)		(316,454)
Benefits paid		<u>(146,916)</u>
Projected/accumulated benefit obligation at end of period		<u>\$3,245,485</u>
Plan assets in deficit of projected/accumulated benefit obligation		<u>\$ (795,684)</u>
Changes to unrestricted net assets are as follows:		
Plan assets in deficit of projected/accumulated benefit obligation at June 30, 2009		\$1,292,459
Change in accrued pension liability shown in the statement of activities:		
Components of net periodic benefit cost:		
Interest cost	\$	140,118
Expected return of plan assets	(112,634)	
Amortization of net loss	71,094	
Net periodic benefit cost	<u>\$</u>	<u>98,578</u>
Other changes:		
Net (gain)/loss	\$	(524,259)
Amortization of net gain/(loss)	(71,094)	
Total other changes	<u>\$</u>	<u>(595,353)</u>
Total change	<u>\$</u>	<u>(496,775)</u>
Plan assets in deficit of projected/accumulated benefit obligation at June 30, 2010		<u>\$ 795,684</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Retirement Plans *(Continued)*

Pension Plan: *(Continued)*

Plan assets allocations were comprised of the following investment classifications at June 30, 2010:

Equity securities	11%
Debt securities	<u>89</u>
	<u>100%</u>

The Association's investment objective with respect to the pension plan is to produce sufficient current income and capital growth through a portfolio of equity and fixed income investments that together with appropriate employer contributions, is sufficient to provide for the pension benefit obligations. Pension assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, and maturity.

The expected long-term return on plan assets was based upon historical and future expected returns of multiple asset classes that were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation.

The following are actuarial assumptions used by the Plan to develop the projected benefit obligations for the period ended June 30, 2010:

Discount rate	5.25%
Expected long-term rate of return on plan assets	6.75%

The benefits expected to be paid in each year from 2011 to 2015 are \$280,000, \$150,000, \$140,000, \$140,000, and \$270,000 respectively. The aggregate benefits expected to be paid in the five years from 2016 to 2020 are \$1,310,000. The expected benefits to be paid are based on the same assumptions used to measure the Association's benefit obligation at June 30, 2009 and include estimated employee service.

The Association does not expect to make any contributions for the 2010-11 fiscal year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Retirement Plans *(Continued)*

Pension Plan: *(Continued)*

Amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the next fiscal year are as follows:

Interest cost:	
On \$3,245,485 projected benefit obligation	\$ 170,388
Adjustment for expected benefit distributions of \$280,000	<u>(7,350)</u>
Interest cost	<u>\$ 163,038</u>
Expected return on plan assets:	
On \$2,449,801 market value of assets at measurement date	\$ (165,362)
Adjustment for expected employer contributions of \$-0-	-
Adjustment for expected benefit distributions of \$280,000	9,450
Adjustment for estimated administrative expenses	<u>22,863</u>
Expected return on plan assets	<u>\$ (133,049)</u>
Amortization of net (gain) loss:	
Prior year total net (gain) loss	\$1,079,902
Amount recognized in net periodic benefit cost	(71,094)
Actuarial (gain) loss	(316,454)
Actual return on assets (gain) loss	(320,439)
Expected return on assets gain (loss)	<u>112,634</u>
Total current year net (gain) loss	\$ 484,549
10% of greater of asset value or benefit obligation (after changes, if applicable)	<u>324,549</u>
(Gain) loss to recognize	<u>\$ 160,000</u>
Average future service	<u>9.23</u>
Amortization of net (gain) loss	<u>\$ 17,335</u>

Effective August 31, 2006, all accrued benefits under the Plan have been frozen at their current amount. No future accrual service will be credited, and no future changes in compensation will be taken into account in the determination of a participant's accrued benefit. The Association amended the Plan to terminate effective August 1, 2008. During the year, the Board voted to rescind the Plan termination and the Plan will remain frozen until further action is taken by the Board.

The value of the liabilities is calculated using a measurement date of June 30, 2010, and the Plan assets are valued at their fair value at June 30, 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Retirement Plans *(Continued)*

Pension Plan: *(Continued)*

401(k) Plan:

The Association also has a 401(k) plan which covers substantially all employees. Under the terms of the plan, employer-matching contributions are equal to 100% of the employee contributions, up to 2% of eligible wages after six months of employment. The Association also made a discretionary contribution of 5% for the fiscal year ending June 30, 2010. The contributions to the plan for the year ended June 30, 2010 were as follows:

IASB	\$131,729
LGS	<u>75,521</u>
Total	<u>\$207,250</u>

Note 9. Mortgage Payable

LGS has a single advance variable rate term note in the amount of \$1,220,000 dated April 13, 2006, in which the proceeds were used to purchase a building. Interest on the note is equal to 2.00% plus the one-month LIBOR rate. Interest is calculated and paid on a monthly basis. The principal payments are being amortized over a 25-year period with the loan maturing in ten years.

At June 30, 2010, the balance of the single advance term note was \$1,133,520 with an interest rate of 2.35%. The single advance term note is collateralized by the building and rent. Net book value of the land and building as of June 30, 2010 was \$3,188,146.

Mortgage payable maturities of the Association for the next five years and thereafter are as follows:

<u>Years</u>	<u>Amount</u>
2011	\$ 25,530
2012	27,530
2013	29,660
2014	31,970
2015	34,460
Thereafter	<u>984,370</u>
	<u>\$1,133,520</u>

LGS has pledged a money market account held by the bank as part of the collateral on the note. The pledged money market account balance as of June 30, 2010 was \$92,585.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. On-Balance Sheet Derivative Instruments and Hedging Activities

Derivative Financial Instruments:

LGS has a stand-alone derivative financial instrument in the form of an interest rate swap agreement, which derives its value from underlying interest rates. This transaction involves both credit and market risk. The notional amount is an amount on which calculations, payments, and the value of the derivative is based. Notional amounts do not represent direct credit exposures. Direct credit exposure is limited to the net difference between the calculated amount to be received and paid, if any. Such difference, which represents the fair value of the derivative instruments, is reflected on the Association's balance sheet as a derivative liability.

The Association is exposed to credit related losses in the event of nonperformance by the counter-party to this agreement; however, risk is mitigated by the fact that the counter-party is a creditor to the Association. The Association controls the credit risk of its financial contracts through credit approvals, limits and monitoring procedures, and does not expect the counter-party to fail its obligations. The Association deals only with one primary dealer.

Derivative instruments are generally negotiated over-the-counter contracts generally entered into between two counter-parties that negotiate specific terms, including the underlying instrument, amount, exercise prices, and maturity.

Derivative Financial Instruments – Description:

The Association has entered into an interest rate swap agreement with one counter-party to hedge the interest payments of the mortgage payable. The swap is pay variable, receive fixed. The objective of the interest rate swap agreement is to fix the interest rates on the mortgage payable at a lower rate than issuing fixed rate debt.

Risk Management Policies – Hedging Instruments:

The Association has entered into an interest rate swap agreement to effectively manage the risk of rising interest rates on the mortgage payable. On an ongoing basis, management monitors the monthly interest rate resets of the variable rate mortgage payable; receive, at least monthly, valuation statements of the swap agreement; record the fair value adjustments of the swap in the accounting records; and internally assess the effectiveness of the swap agreement each month and, if any material changes become evident, inform the Board of Directors of those facts and circumstances.

Interest Rate Risk Management – Fair Value of Hedging Instruments:

The Association has variable rate debt. Management believes that it is prudent to limit the variability in the fair value portion of its variable-rate debt by entering into this interest rate swap. It is the Association's objective to fix interest rates on the variable rate debt in a way that was more cost effective than natural fixed rate debt to protect against the risk of rising interest rates in the long term.

To meet this objective, the Association utilizes an interest rate swap as an asset/liability management strategy to hedge the change in value of the debt due to changes in expected interest rate assumptions. The interest rate swap agreement is a contract to make a series of variable rate payments in exchange for receiving a series of fixed rate payments. The Association believes that the hedge remains effective at June 30, 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. On-Balance Sheet Derivative Instruments and Hedging Activities *(Continued)*

At June 30, 2010, the information pertaining to the outstanding interest rate swap agreement used to hedge variable-rate debt is as follows:

Swap #21257A

Notional amount	\$ 1,441,200
Weighted average pay rate	0.30%
Weighted average receive rate	5.62%
Weighted average maturity in years	<u>5.8</u>
 Unrealized (loss) relating to interest rate swap	 <u>\$ (258,584)</u>

The above agreement provides for the Association to make payments at a variable rate of 0.30% in exchange for receiving payments at a fixed rate of 5.62%. At June 30, 2010, the unrealized (loss) related to use of interest rate swaps was recorded as a derivative liability in accordance with authoritative guidance issued by the FASB.

Note 11. Fair Value Measurements

Fair value of the assets and liabilities measured on a recurring basis at June 30, 2010 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets (held in an agency capacity)				
Certificates of deposit U.S. government agency obligations	\$ 980,000	\$ -	\$ 980,000	\$ -
U.S. treasury bills	422,340,513	-	422,340,513	-
	2,999,644	-	2,999,644	
Pension plan assets	2,449,801	-	2,191,157	258,644
Liabilities:				
Interest rate swap	<u>258,584</u>	<u>-</u>	<u>-</u>	<u>258,584</u>
 Total	 <u>\$429,028,542</u>	 <u>\$ -</u>	 <u>\$428,511,314</u>	 <u>\$ 517,228</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Fair Value Measurements *(Continued)*

Authoritative guidance issued by the FASB, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices of similar assets or liabilities in active markets or quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority. When available, the Association measures fair value using Level 1 inputs because they generally provide the more reliable evidence of fair value.

Level 1 Fair Value Measurements

The fair value measurements are based on quoted market values. The Association holds no such investments at June 30, 2010.

Level 2 Fair Value Measurements

The fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from observable market data.

Level 3 Fair Value Measurements

The interest rate swap is not actively traded and significant other observable inputs are not available. The fair value of interest rate swap is valued by the holder of the swap using a proprietary pricing/valuation model to compute the fair value.

The U.S. Property Separate Account is not actively traded and significant other observable inputs are not available. Thus, the fair value of the U.S. Property Separate account is determined using various valuation approaches which consist of: 1) annual appraisals by certified appraisers and then updated daily based on changes in factors such as occupancy levels, lease rates, overall market conditions and capital improvements; 2) based on the basis of estimated market interest rates for loans of comparable quality and maturity and giving consideration to the value of the underlying collateral; 3) quoted market prices of the fund or its underlying assets; 4) discounting the future contracts cash flows to the present value using interest rates and anticipated returns a market participant would incur with similar risk and terms.

The following table provides further details of the Level 3 fair value measurements.

Fair value measurements using significant unobservable inputs (level 3):

<u>June 30, 2010</u>	<u>Interest Rate Swap Liability</u>	<u>Pension Plan Assets (U.S. Property Separate Account)</u>
Beginning balance	\$ 207,501	\$ 284,207
Change in value	<u>51,083</u>	<u>(25,563)</u>
Ending balance	<u>\$ 258,584</u>	<u>\$ 258,644</u>

Changes in net assets for the year ended June 30, 2010 for the interest rate swap liability are reported as change in value of interest rate swap on the statement of activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Net Assets

Net assets consisted of the following as of June 30, 2010:

Unrestricted net assets:	
Undesignated	\$1,301,605
Board designated:	
Loss Reserve-ISCAP	776,513
Insurance Division	579,715
Legal Service Fund	<u>63,628</u>
Total	<u>\$2,721,461</u>
Temporarily restricted net assets:	
Restricted due to time:	
Contributions receivable	\$ 5,030
Restricted due to purpose:	
To recognize the dedication and leadership of Iowa's school boards through education programs that enhance student learning	1,134
Lighthouse	2,000
CLIK	<u>10,294</u>
Total	<u>\$ 18,458</u>

Note 13. Related Entity Transactions

ISEBA:

On June 1, 2007, an agreement between LGS and ISEBA was entered into to manage the program for 1.75% of the billed medical premiums on the first \$100 million of billed medical premiums and 1% of billed medical premiums greater than \$100 million. During the year ended June 30, 2010, LGS received \$571,384 under this agreement to manage the ISEBA program. Subsequent to year-end, the contract was modified and transferred to an outside third party. Effective February 15, 2010, LGS received .50% of billed medical premiums to provide administrative services to ISEBA. During the year ended June 30, 2010, LGS received \$143,588 under this agreement.

On December 1, 2009, the prior interim CFO appeared to have made unauthorized transfers from an ISEBA account in the amount of \$500,000 to the Association and LGS. The prior interim CFO did not have the authority to make this transfer nor did the ISEBA Board approve the prior interim CFO to be an authorized signor on the account. Outside legal counsel researched whether or not ISEBA could loan funds to either the Association or LGS. Based upon their research of the Iowa Constitution Article VII, this transfer would not be permissible under the Iowa Code. The net balance remaining to be repaid to ISEBA by the Association and LGS was \$174,218 at June 30, 2010. Subsequent to year ended June 30, 2010, the amount was repaid to ISEBA.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Contingencies

The Association created the insurance division under the Association to sponsor insurance plans for its members. Premium payments on the plans are made to the respective insurance carriers by the members participating in the program. The Association is reimbursed for various administrative and program services from this fund. Section 12.2 of Charter of the Insurance Division states that upon termination of the Insurance Division by the Association's board, the Executive Committee, subject to the approval of the Association Board, shall pay all obligations of the Division and distribute any remaining surplus to the Members as provided in Section 6.2, in such manner as they determine will carry out the purpose of the Division; or the Insurance Committee subject to the approval of the Association Board may transfer the Insurance Programs and the remaining surplus, or any portion thereof, to the directors of any fund established for a substantially similar purpose, provided, however that the payment upon dissolution shall be to or for the benefits of the Members and not the Insurance Committee, other private persons, or the Association, except for the payment of expenses and compensation pursuant to Section 6.1 of this Charter. The Association's Board has reserved the right to amend the Insurance Division charter which would also include the termination clause in the charter. In addition, any liability would be contingent upon the termination of the Insurance Division in its current form; however, the Association does not expect to terminate the Insurance Division in the near term. Pursuant to Section 6.2, the Insurance Committee is authorized to allocate monies of the Insurance Division for the operation of the Association. A stabilization reserve amount has been classified as a designated, unrestricted net asset by the Association Board of Directors; the amount at June 30, 2010 was \$579,715.

The Association also established a Legal Service Fund (LSF) which is available to members of the Association who elect to pay membership dues to the LSF. The funds are used to provide financial assistance and legal service to members involved in cases determined by the LSF to be of significant statewide importance. Article XI of the LSF Rules and Regulations states that, upon termination of the LSF, any remaining funds shall be distributed on a pro-rata basis to the LSF members. The amount in the LSF is not recorded as a liability in the Association's financial statements as the Association's Board has reserved the right to amend the LSF Rules and Regulations which would also include the termination clause. In addition, the liability would be contingent upon the termination of the LSF in its current form; however, the Association does not expect to terminate the LSF in the near term. The balance in the LSF at June 30, 2010 was \$63,628. The LSF amount has been classified under unrestricted net assets as designated by the Association Board of Directors for the Legal Service Fund.

ISCAP created a loss reserve to reduce future costs of issuance by strategies including reduced insurance costs. The balance designated by management for the loss reserve for the year ended June 30, 2010 was \$774,525. For the year ended June 30, 2010, \$1,855,156 was used to provide collateral on the warrants issued to the school districts. During the year ended June 30, 2010, the ISCAP board determined the 2009-10 fees were deferred and payment of \$1,074,430 was made to the following vendors in July 2010:

Iowa Association of School Boards	\$ 392,980
Piper Jaffray	279,433
Kutak Rock	85,436
Dorsey & Whitney	113,168
Local Government Services	<u>203,413</u>
Total	<u>\$1,074,430</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Contingencies *(Continued)*

The Association has an unused letter of credit with a bank in the amount of \$263,739. This letter of credit was established to protect the defined benefit plan from deficiencies that might arise as a result of payment of a single lump sum retirement benefit to a past employee. The expiration date of the letter is September 30, 2011. The bank has required the Association to establish an account with the bank to be used as collateral in the amount of \$131,870.

Note 15. Commitments

Effective August 1, 2009, the Association was obligated to pay the former Executive Director \$181,199 under a 'Hold Harmless Agreement' in regard to the pension plan freeze which took place in 2006. This amount remained unpaid through the date of this report.

Note 16. Comparative Totals

The amounts shown for 2009 in the accompanying financial statements are included to provide a basis for comparison with 2010 and are not intended to present all information necessary for a fair presentation in conformity with U.S. generally accepted accounting principles.

Note 17. Subsequent Events

Management has evaluated subsequent events through January 12, 2011, the date the audit report was available to be issued.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 1

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2010

With Comparative Totals for 2009

ASSETS	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Iowa Schools Joint Investment Trust	Iowa Schools Cash Anticipation Program	Eliminations	2010 Consolidating Totals	2009 Comparative Totals
Cash and cash equivalents	\$ 969,920	\$ 43,809	\$ 64,626	\$ 1,884,455	\$ (1,884,455)	\$ 1,078,355	\$ 1,740,249
Assets held on behalf of others in an agency capacity:							
Cash - Iowa Council of School Board Attorney's Fund	46,230	-	-	-	-	46,230	44,293
Cash - Iowa Schools Joint Investment Trust	-	-	2,276,957	-	-	2,276,957	2,904,083
Accrued interest receivable	-	-	1,750,747	-	-	1,750,747	1,898,676
Certificates of deposit	-	-	980,000	-	-	980,000	12,480,000
Repurchase agreements	-	-	126,050,000	-	-	126,050,000	116,884,000
U.S. government agency obligations	-	-	422,340,513	-	-	422,340,513	347,558,460
Demand deposits	-	-	35,058,411	-	-	35,058,411	25,038,922
U.S. treasury bills	-	-	2,999,644	-	-	2,999,644	-
Accounts receivable, net of allowance of \$38,000	572,270	-	1,105	10	-	573,385	711,873
Accounts receivable - related entities	801,717	-	-	-	(683,418)	118,299	-
Contributions receivable	-	5,030	-	-	-	5,030	-
Accrued interest receivable	-	-	-	-	-	-	6
Office property and equipment, net	3,365,088	-	-	-	-	3,365,088	3,703,297
Other assets	6,828	-	-	-	-	6,828	71,332
Total assets	\$ 5,762,053	\$ 48,839	\$ 591,522,003	\$ 1,884,465	\$ (2,567,873)	\$ 596,649,487	\$ 513,035,191
LIABILITIES							
Accounts payable	\$ 534,983	\$ 4,733	\$ 26,337	\$ 478,036	\$ (25,128)	\$ 1,018,961	\$ 532,832
Accounts payable - related entities	292,320	-	-	-	-	292,320	-
Due to IASB	-	18,774	-	424,979	(443,753)	-	-
Due to LGS	-	11,125	-	203,412	(214,537)	-	-
Deferred revenue	306,450	-	-	-	-	306,450	635,996
Interest rate swap	258,584	-	-	-	-	258,584	207,501
Accrued wages	340,041	-	-	-	-	340,041	-
Accrued vacation	42,062	-	-	-	-	42,062	47,979
Accrued interest	5,699	-	-	-	-	5,699	5,942
Accrued property taxes	103,200	-	-	-	-	103,200	103,912
	\$ 1,883,339	\$ 34,632	\$ 26,337	\$ 1,106,427	\$ (683,418)	\$ 2,367,317	\$ 1,534,162
Agency fund - Iowa Council of School Board Attorney's Fund	\$ 46,230	\$ -	\$ -	\$ -	\$ -	\$ 46,230	\$ 44,293
Agency fund - held in trust for participants in ISJIT	\$ -	\$ -	\$ 591,456,272	\$ -	\$ (1,884,455)	\$ 589,571,817	\$ 504,807,167
Accrued pension benefit liability	\$ 795,684	\$ -	\$ -	\$ -	\$ -	\$ 795,684	\$ 1,292,459
Mortgage payable	\$ 1,133,520	\$ -	\$ -	\$ -	\$ -	\$ 1,133,520	\$ 1,157,070
Total liabilities	\$ 3,858,773	\$ 34,632	\$ 591,482,609	\$ 1,106,427	\$ (2,567,873)	\$ 593,914,568	\$ 508,835,151
NET ASSETS AND ACCUMULATED (DEFICIT)							
Unrestricted	\$ 6,360,193	\$ (3,117)	\$ 39,394	\$ 778,038	\$ -	\$ 7,174,508	\$ 8,057,215
Accumulated (deficit)	(4,458,047)	-	-	-	-	(4,458,047)	(3,920,552)
Temporarily restricted	1,134	17,324	-	-	-	18,458	63,377
Total net assets and accumulated (deficit)	\$ 1,903,280	\$ 14,207	\$ 39,394	\$ 778,038	\$ -	\$ 2,734,919	\$ 4,200,040
Total liabilities, net assets, and accumulated (deficit)	\$ 5,762,053	\$ 48,839	\$ 591,522,003	\$ 1,884,465	\$ (2,567,873)	\$ 596,649,487	\$ 513,035,191

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS
CONSOLIDATING STATEMENT OF ACTIVITIES
 Year Ended June 30, 2010
 With Comparative Totals for 2009

Schedule 2

	Unrestricted				Temporarily Restricted			Eliminations	2010 Consolidating Totals	2009 Comparative Totals	
	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Iowa Schools Joint Investment Trust	Iowa Schools Cash Anticipation Program	Totals	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation				Totals
REVENUES											
Memberships	\$ 1,279,788	\$ -	\$ -	\$ -	\$ 1,279,788	\$ -	\$ -	\$ -	\$ -	\$ 1,279,788	\$ 1,229,480
Publications, forms and materials	223,995	-	-	-	223,995	-	-	-	-	223,995	206,608
Convention and conferences	481,697	-	-	-	481,697	-	-	-	-	481,697	545,453
Consulting services	28,920	-	-	-	28,920	-	-	-	-	28,920	39,662
Professional services	291,495	8,577	-	-	300,072	-	-	-	-	300,072	293,597
Contributions	-	305	-	-	305	-	5,030	5,030	-	5,335	110,273
Administrative services	2,125,629	-	-	60,331	2,185,960	-	-	(481,775)	1,704,185	2,718,969	
Online payment services	2,048,578	-	-	-	2,048,578	-	-	-	-	2,048,578	1,240,087
Advertising	-	-	-	-	-	-	-	-	-	-	9,060
Sponsorships	578,819	-	-	-	578,819	-	-	(336,382)	242,437	484,147	
Risk management and insurance program	507,489	-	-	-	507,489	-	-	-	507,489	402,740	
Grants	3,368,090	60,000	-	-	3,428,090	-	-	-	3,428,090	2,629,047	
Rental income	118,349	-	-	-	118,349	-	-	-	118,349	152,708	
Energy supply and distribution	-	-	-	-	-	-	-	-	-	-	31,266
Net assets released from restrictions satisfied by payments	3,000	46,949	-	-	49,949	(3,000)	(46,949)	(49,949)	-	-	-
Total revenues	\$ 11,055,849	\$ 115,831	\$ -	\$ 60,331	\$ 11,232,011	\$ (3,000)	\$ (41,919)	\$ (44,919)	\$ (818,157)	\$ 10,368,935	\$ 10,093,097
EXPENSES											
Program services:											
Advocacy services	\$ 115,574	\$ -	\$ -	\$ -	\$ 115,574	\$ -	\$ -	\$ -	\$ -	\$ 115,574	\$ 151,035
Governance and leadership services	1,902,146	-	-	-	1,902,146	-	-	-	-	1,902,146	2,342,089
Convention and conferences	438,175	-	-	-	438,175	-	-	-	-	438,175	546,686
Lighthouse	199,350	-	-	-	199,350	-	-	-	-	199,350	153,625
CLIK	42,521	46,950	-	-	89,471	-	-	(46,950)	42,521	82,067	
Investment services	-	-	1,018,187	-	1,018,187	-	-	(363,883)	654,304	688,170	
Administrative services	283,248	-	-	1,169,316	1,452,564	-	-	(372,846)	1,079,718	174,481	
Employee benefits services	345,449	-	-	-	345,449	-	-	-	345,449	558,982	
Online payment services	1,897,692	-	-	-	1,897,692	-	-	-	1,897,692	1,483,572	
Energy services	-	-	-	-	-	-	-	-	-	-	7,145
Background check services	160,645	-	-	-	160,645	-	-	-	160,645	190,342	
Drug and alcohol testing services	224,024	-	-	-	224,024	-	-	-	224,024	299,649	
Assessment services	2,969,481	-	-	-	2,969,481	-	-	-	2,969,481	2,109,602	
Other programs	383,648	80,396	-	-	464,044	-	-	(34,478)	429,566	729,428	
	\$ 8,961,953	\$ 127,346	\$ 1,018,187	\$ 1,169,316	\$ 11,276,802	\$ -	\$ -	\$ (818,157)	\$ 10,458,645	\$ 9,516,873	
Supporting services:											
Management and general	\$ 2,712,880	\$ 11,476	\$ -	\$ 9,099	\$ 2,733,455	\$ -	\$ -	\$ -	\$ -	\$ 2,733,455	\$ 2,221,851
Fundraising	-	652	-	-	652	-	-	-	-	652	1,658
	\$ 2,712,880	\$ 12,128	\$ -	\$ 9,099	\$ 2,734,107	\$ -	\$ -	\$ -	\$ -	\$ 2,734,107	\$ 2,223,509
Total expenses	\$ 11,674,833	\$ 139,474	\$ 1,018,187	\$ 1,178,415	\$ 14,010,909	\$ -	\$ -	\$ (818,157)	\$ 13,192,752	\$ 11,740,382	
OTHER REVENUE (EXPENSE)											
Interest income	\$ 2,372	\$ 217	\$ -	\$ 2,166	\$ 4,755	\$ -	\$ -	\$ -	\$ -	\$ 4,755	\$ 58,297
Other income	-	-	25,477	-	25,477	-	-	-	-	25,477	111,364
Investment income	-	-	1,568,785	-	1,568,785	-	-	-	-	1,568,785	4,834,437
Dividends issued to participants in ISJIT	-	-	(636,642)	-	(636,642)	-	-	-	-	(636,642)	(3,627,547)
Change in value of interest rate swap	(51,083)	-	-	-	(51,083)	-	-	-	-	(51,083)	(91,153)
Change in accrued pension liability	496,775	-	-	-	496,775	-	-	-	-	496,775	-
Loss on discontinued software	(66,708)	-	-	-	(66,708)	-	-	-	-	(66,708)	(333,515)
(Provision) for income tax	-	-	-	-	-	-	-	-	-	-	(1,039,069)
Gain on the sale of assets	-	-	-	-	-	-	-	-	-	-	994,837
Gain on cost of issuance	-	-	-	17,337	17,337	-	-	-	-	17,337	112,204
Total other revenue (expense)	\$ 381,356	\$ 217	\$ 957,620	\$ 19,503	\$ 1,358,696	\$ -	\$ -	\$ -	\$ -	\$ 1,358,696	\$ 1,019,855
Change in net assets	\$ (237,628)	\$ (23,426)	\$ (60,567)	\$ (1,098,581)	\$ (1,420,202)	\$ (3,000)	\$ (41,919)	\$ (44,919)	\$ -	\$ (1,465,121)	\$ (627,430)
Net assets (deficit) at beginning of year	2,139,774	20,309	99,961	1,876,619	4,136,663	4,134	59,243	63,377	-	4,200,040	4,827,470
Net assets at end of year	\$ 1,902,146	\$ (3,117)	\$ 39,394	\$ 778,038	\$ 2,716,461	\$ 1,134	\$ 17,324	\$ 18,458	\$ -	\$ 2,734,919	\$ 4,200,040

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended June 30, 2010
With Comparative Totals for 2009

Schedule 3

	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Iowa Schools Joint Investment Trust	Iowa Schools Cash Anticipation Program	Eliminations	2010 Consolidating Totals	2009 Comparative Totals
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in net assets	\$ (240,628)	\$ (65,345)	\$ (60,567)	\$ (1,098,581)	\$ 72,519	\$ (1,392,602)	\$ (627,430)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:							
Depreciation and amortization	383,468	-	-	-	-	383,468	566,659
Gain on sale of fixed assets	-	-	-	-	-	-	(994,837)
Deferred taxes	-	-	-	-	-	-	1,039,069
Swap liability	51,083	-	-	-	-	51,083	91,153
Loss on discontinued software	-	-	-	-	-	-	333,515
Change in assets and liabilities:							
(Increase) decrease in assets:							
Accounts receivable	(428,414)	-	11,531	(10)	502,502	85,609	427,273
Pledges receivable	-	(5,030)	-	-	-	(5,030)	4,835
Accrued interest receivable	(9,035)	-	-	-	-	(9,035)	263,272
Other assets	64,504	-	-	-	-	64,504	(42,436)
Increase (decrease) in liabilities:							
Agency funds	(2)	-	(72,519)	-	-	(72,521)	(234,564)
Due to IASB	-	(98,101)	(3,185)	404,955	(303,669)	-	-
Due to LGS	-	(4,579)	-	203,412	(198,833)	-	-
Accounts payable	211,514	4,733	18,750	478,036	-	713,033	(393,749)
Accrued property taxes	(712)	-	-	-	-	(712)	(20,007)
Accrued interest	8,798	-	-	-	-	8,798	24,347
Accrued wages	340,041	-	-	-	-	340,041	-
Accrued vacation	(5,918)	-	-	-	-	(5,918)	47,979
Contributions payable	-	-	-	-	-	-	(4,835)
Accrued pension liability	(496,775)	-	-	-	-	(496,775)	276,317
Customer deposits	-	-	-	-	-	-	(95,065)
Deferred revenue	(260,638)	(8,577)	-	(60,331)	-	(329,546)	(560,320)
Net cash provided by (used in) operating activities	<u>\$ (382,714)</u>	<u>\$ (176,899)</u>	<u>\$ (105,990)</u>	<u>\$ (72,519)</u>	<u>\$ 72,519</u>	<u>\$ (665,603)</u>	<u>\$ 101,176</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 994,837
Amounts expended for computer software	(4,800)	-	-	-	-	(4,800)	(348,331)
Purchase of property and equipment	(40,460)	-	-	-	-	(40,460)	(51,001)
Net cash provided by (used in) investing activities	<u>\$ (45,260)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,260)</u>	<u>\$ 595,505</u>
CASH FLOWS FROM FINANCING ACTIVITIES							
Issuance of units to ISCAP	\$ -	\$ -	\$ 72,519	\$ -	\$ -	\$ 72,519	\$ -
Principal payments on notes payable	(23,550)	-	-	-	-	(23,550)	(21,860)
Net cash provided by (used in) financing activities	<u>\$ (23,550)</u>	<u>\$ -</u>	<u>\$ 72,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,969</u>	<u>\$ (21,860)</u>
Net increase (decrease) in cash and cash equivalents	\$ (451,524)	\$ (176,899)	\$ (33,471)	\$ (72,519)	\$ 72,519	\$ (661,894)	\$ 674,821
Cash and cash equivalents at beginning of year	1,421,444	220,708	98,097	1,956,974	(1,956,974)	1,740,249	1,065,428
Cash and cash equivalents at end of year	<u>\$ 969,920</u>	<u>\$ 43,809</u>	<u>\$ 64,626</u>	<u>\$ 1,884,455</u>	<u>\$ (1,884,455)</u>	<u>\$ 1,078,355</u>	<u>\$ 1,740,249</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION							
Cash payments for interest	<u>\$ 105,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,883</u>	<u>\$ 101,946</u>

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 4

CONSOLIDATING STATEMENT OF FINANCIAL POSITION FOR
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY

June 30, 2010

With Comparative Totals for 2009

ASSETS	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	2010 Consolidating Totals	2009 Comparative Totals
Cash and cash equivalents	\$ 661,207	\$ 308,713	\$ -	\$ 969,920	\$ 1,421,444
Cash and cash equivalents held on behalf of the Iowa Council of School Board Attorney's Fund	46,230	-	-	46,230	44,293
Accounts receivable, net of allowance of \$38,000	481,710	90,560	-	572,270	926,706
Accounts receivable - related entities	456,209	345,508	-	801,717	-
Loan to LGS	5,645,751	-	(5,645,751)	-	-
Accrued interest receivable	70,114	-	(70,114)	-	6
Note receivable	769,172	-	(769,172)	-	-
Office property and equipment, net	2,555	3,362,533	-	3,365,088	3,703,297
Other assets	6,174	654	-	6,828	71,332
Total assets	<u>\$ 8,139,122</u>	<u>\$ 4,107,968</u>	<u>\$ (6,485,037)</u>	<u>\$ 5,762,053</u>	<u>\$ 6,167,078</u>
LIABILITIES					
Accounts payable	\$ 387,347	\$ 147,636	\$ -	\$ 534,983	\$ 596,926
Accounts payable - related entities	292,290	30	-	292,320	-
Loan from IASB	-	5,645,751	(5,645,751)	-	-
Deferred revenue	303,610	2,840	-	306,450	567,088
Interest rate swap	-	258,584	-	258,584	207,501
Accrued wages	204,927	135,114	-	340,041	-
Accrued vacation	28,717	13,345	-	42,062	47,979
Accrued interest	-	75,813	(70,114)	5,699	5,942
Accrued property taxes	-	103,200	-	103,200	103,912
	<u>\$ 1,216,891</u>	<u>\$ 6,382,313</u>	<u>\$ (5,715,865)</u>	<u>\$ 1,883,339</u>	<u>\$ 1,529,348</u>
Agency fund - Iowa Council of School Board Attorney's Fund	\$ 46,230	\$ -	\$ -	\$ 46,230	\$ 44,293
Accrued pension benefit liability	\$ 795,684	\$ -	\$ -	\$ 795,684	\$ 1,292,459
Mortgage payable:					
Mortgage payable - U.S. Bank	\$ -	\$ 1,133,520	\$ -	\$ 1,133,520	\$ 1,157,070
Mortgage payable - IASB	-	769,172	(769,172)	-	-
	<u>\$ -</u>	<u>\$ 1,902,692</u>	<u>\$ (769,172)</u>	<u>\$ 1,133,520</u>	<u>\$ 1,157,070</u>
Total liabilities	<u>\$ 2,058,805</u>	<u>\$ 8,285,005</u>	<u>\$ (6,485,037)</u>	<u>\$ 3,858,773</u>	<u>\$ 4,023,170</u>
NET ASSETS AND ACCUMULATED (DEFICIT)					
Unrestricted	\$ 6,079,183	\$ -	\$ 281,010	\$ 6,360,193	\$ 6,060,326
Common stock	-	281,010	(281,010)	-	-
Accumulated (deficit)	-	(4,458,047)	-	(4,458,047)	(3,920,552)
Temporarily restricted	1,134	-	-	1,134	4,134
Total net assets and accumulated (deficit)	<u>\$ 6,080,317</u>	<u>\$ (4,177,037)</u>	<u>\$ -</u>	<u>\$ 1,903,280</u>	<u>\$ 2,143,908</u>
Total liabilities and net assets	<u>\$ 8,139,122</u>	<u>\$ 4,107,968</u>	<u>\$ (6,485,037)</u>	<u>\$ 5,762,053</u>	<u>\$ 6,167,078</u>

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 5

CONSOLIDATING STATEMENT OF ACTIVITIES FOR
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY
Year Ended June 30, 2010
With Comparative Totals for 2009

	Unrestricted			Consolidated Totals	Temporarily Restricted	2010 Consolidated Totals	2009 Comparative Totals
	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations		Iowa Association of School Boards		
REVENUES							
Memberships	\$ 1,279,788	\$ -	\$ -	\$ 1,279,788	\$ -	\$ 1,279,788	\$ 1,229,480
Publications, forms and materials	222,742	1,253	-	223,995	-	223,995	206,608
Convention and conferences	481,697	-	-	481,697	-	481,697	545,453
Consulting services	28,920	-	-	28,920	-	28,920	96,493
Professional services	499,495	-	(208,000)	291,495	-	291,495	341,909
Administrative services	-	2,125,629	-	2,125,629	-	2,125,629	2,536,507
Online payment services	-	2,048,578	-	2,048,578	-	2,048,578	1,240,087
Advertising	-	-	-	-	-	-	9,060
Sponsorships	837,783	-	(258,964)	578,819	-	578,819	889,060
Risk management and insurance program	507,489	-	-	507,489	-	507,489	402,740
Grants	3,368,090	-	-	3,368,090	-	3,368,090	2,604,047
Rental income	-	368,349	(250,000)	118,349	-	118,349	152,708
Net assets released from restrictions satisfied by payments	3,000	-	-	3,000	(3,000)	-	-
Total revenues	\$ 7,229,004	\$ 4,543,809	\$ (716,964)	\$ 11,055,849	\$ (3,000)	\$ 11,052,849	\$ 10,254,152
EXPENSES							
Program services:							
Advocacy services	\$ 115,574	\$ -	\$ -	\$ 115,574	\$ -	\$ 115,574	\$ 151,035
Governance and leadership services	1,902,146	-	-	1,902,146	-	1,902,146	2,342,089
Convention and conferences	438,175	-	-	438,175	-	438,175	546,686
Lighthouse	199,350	-	-	199,350	-	199,350	153,625
CLIK	42,521	-	-	42,521	-	42,521	77,525
Administrative services	-	283,248	-	283,248	-	283,248	204,555
Employee benefits services	-	397,341	(51,892)	345,449	-	345,449	558,982
Online payment services	3,787	2,100,977	(207,072)	1,897,692	-	1,897,692	1,483,572
Energy services	-	-	-	-	-	-	7,145
Background check services	198	160,447	-	160,645	-	160,645	190,342
Drug and alcohol testing services	3,365	220,659	-	224,024	-	224,024	299,649
Assessment services	2,969,481	-	-	2,969,481	-	2,969,481	2,189,173
Other programs	140,239	243,409	-	383,648	-	383,648	676,231
	\$ 5,814,836	\$ 3,406,081	\$ (258,964)	\$ 8,961,953	\$ -	\$ 8,961,953	\$ 8,880,609
Supporting services:							
Management and general	\$ 1,646,264	\$ 1,557,851	\$ (491,235)	\$ 2,712,880	\$ -	\$ 2,712,880	\$ 2,141,967
Total expenses	\$ 7,461,100	\$ 4,963,932	\$ (750,199)	\$ 11,674,833	\$ -	\$ 11,674,833	\$ 11,022,576
OTHER REVENUE (EXPENSE)							
Interest income	\$ 35,188	\$ 419	\$ (33,235)	\$ 2,372	\$ -	\$ 2,372	\$ 45,421
Other income	-	-	-	-	-	-	150,000
Change in value of interest rate swap	-	(51,083)	-	(51,083)	-	(51,083)	(91,153)
Change in accrued pension liability	496,775	-	-	496,775	-	496,775	-
Impairment of software	-	-	-	-	-	-	(437,643)
Loss on discontinued software	-	(66,708)	-	(66,708)	-	(66,708)	(333,515)
(Provision) for income taxes	-	-	-	-	-	-	(1,039,069)
Total other revenue (expense)	\$ 531,963	\$ (117,372)	\$ (33,235)	\$ 381,356	\$ -	\$ 381,356	\$ (1,705,959)
Change in net assets and net (loss)	\$ 299,867	\$ (537,495)	\$ -	\$ (237,628)	\$ (3,000)	\$ (240,628)	\$ (2,474,383)
Net assets (loss) at beginning of year	5,779,316	(3,920,552)	281,010	2,139,774	4,134	2,143,908	4,618,291
Net assets (loss) at end of year	\$ 6,079,183	\$ (4,458,047)	\$ 281,010	\$ 1,902,146	\$ 1,134	\$ 1,903,280	\$ 2,143,908

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 6

CONSOLIDATING STATEMENT OF CASH FLOWS FOR
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARYYear Ended June 30, 2010
With Comparative Totals for 2009

	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	2010 Consolidating Totals	2009 Comparative Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets and net (loss)	\$ 296,867	\$ (537,495)	\$ -	\$ (240,628)	\$ (2,474,393)
Adjustments to reconcile the change in net assets and net (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	9,651	373,817	-	383,468	566,659
Deferred taxes	-	-	-	-	1,039,069
Forgiveness of debt - IJUMP	-	-	-	-	42,390
Swap liability	-	51,083	-	51,083	91,153
Impairment of software	-	-	-	-	437,643
Loss on discontinued software	-	-	-	-	333,515
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(238,404)	(94,483)	(95,527)	(428,414)	454,372
Accrued interest receivable	(4,515)	-	(4,520)	(9,035)	263,272
Other assets	65,023	(519)	-	64,504	(49,301)
Increase (decrease) in liabilities:					
Agency funds	(2)	-	-	(2)	(15)
Accounts payable	586,704	(470,717)	95,527	211,514	425,927
Accrued property taxes	-	(712)	-	(712)	(20,007)
Accrued interest	-	4,278	4,520	8,798	24,347
Accrued wages	204,927	135,114	-	340,041	-
Accrued vacation	(2,456)	(3,462)	-	(5,918)	47,979
Contributions payable	-	-	-	-	(4,835)
Accrued pension liability	(496,775)	-	-	(496,775)	276,317
Deferred revenue	(260,251)	(387)	-	(260,638)	(278,839)
Net cash provided by (used in) operating activities	\$ 160,769	\$ (543,483)	\$ -	\$ (382,714)	\$ 1,175,253
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds received from borrowings to LGS	\$ 725,359	\$ -	\$ (725,359)	\$ -	\$ -
Loans to LGS	(1,466,402)	-	1,466,402	-	-
Amounts expended for computer software	-	(4,800)	-	(4,800)	(348,331)
Purchase of property and equipment	-	(40,460)	-	(40,460)	(51,001)
Net cash provided by (used in) investing activities	\$ (741,043)	\$ (45,260)	\$ 741,043	\$ (45,260)	\$ (399,332)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings from IASB	\$ -	\$ 1,466,402	\$ (1,466,402)	\$ -	\$ -
Payments on borrowings from IASB	-	(725,359)	725,359	-	-
Principal payments on notes payable	-	(23,550)	-	(23,550)	(21,860)
Net cash provided by (used in) financing activities	\$ -	\$ 717,493	\$ (741,043)	\$ (23,550)	\$ (21,860)
Net increase (decrease) in cash and cash equivalents	\$ (580,274)	\$ 128,750	\$ -	\$ (451,524)	\$ 754,061
Cash and cash equivalents at beginning of year	1,241,481	179,963	-	1,421,444	667,373
Cash and cash equivalents at end of year	\$ 661,207	\$ 308,713	\$ -	\$ 969,920	\$ 1,421,434
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION					
Cash payments for interest	\$ -	\$ 134,597	\$ (28,714)	\$ 105,883	\$ 106,731

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATING STATEMENT OF EXPENSES BY PROGRAM

Year Ended June 30, 2010
With Comparative Totals for 2009

	Program Services													Supporting Services			2010 Consolidating Totals	2009 Comparative Totals			
	Advocacy	Governance and Leadership Services	Convention and Conferences	Lighthouse	CLIK	Investment Services	Administrative Services	Employee Benefits Services	Online Payment Services	Energy Services	Background Check Services	Drug and Alcohol Testing Services	Assessment Services	Other Programs	Total Program Services	Management and General			Fundraising	Total Supporting Services	Eliminations
Salaries	\$ 94,250	\$ 1,397,066	\$ 132,396	\$ 166,736	\$ 36,559	\$ -	\$ 233,421	\$ 199,023	\$ 360,336	\$ -	\$ 175	\$ 22,988	\$ 107,717	\$ 85,272	\$ 2,835,939	\$ 429,492	\$ -	\$ 429,492	\$ -	\$ 3,265,431	\$ 3,898,524
Payroll taxes	5,780	84,595	8,119	10,225	2,242	-	15,933	13,585	24,573	-	11	1,548	6,606	5,438	178,655	29,265	-	29,265	-	207,920	225,886
Pension expense	6,251	91,485	8,781	11,058	2,425	-	13,973	11,914	21,593	-	12	1,396	7,144	5,462	181,494	206,957	-	206,957	-	388,451	588,608
Program management	-	-	-	-	46,950	354,094	-	-	-	-	-	-	-	34,477	435,521	-	-	-	(81,428)	354,093	433,320
Staff development	-	3,730	-	-	-	-	105	-	-	-	-	-	705	-	4,540	4,107	-	4,107	-	8,647	13,564
Marketing	-	-	-	-	-	196,935	2,219	1,919	4,677	-	-	-	-	1,202	206,952	-	-	-	(196,935)	10,017	26,778
Travel	4,438	63,985	24,959	7,780	1,072	-	1,778	4,508	4,796	-	-	178	94,184	10,503	218,181	20,784	-	20,784	-	238,965	344,595
Building operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	527,256	-	-	527,256	(250,000)	277,256	272,604
Equipment and computers	-	-	-	-	-	-	-	12,769	-	-	-	-	-	-	12,769	101,961	-	101,961	-	114,730	127,087
Depreciation and amortization	-	-	-	-	-	-	-	-	233,890	-	-	-	-	-	233,890	149,578	-	149,578	-	383,468	487,088
Office supplies	390	1,364	8,343	15	151	-	175	670	636	-	-	1,311	5,227	18,282	69,349	69,924	575	69,924	-	88,206	62,125
Cartage and postage	2,544	11,484	8,645	956	16	-	696	2,589	2,093	-	244	359	334	6,430	36,390	4,695	62	4,757	-	41,147	50,853
Telephone	-	956	60	510	-	-	238	6,961	2,314	-	-	8,475	538	20,052	19,978	19,978	-	19,978	-	40,030	37,272
Investment advisory fees	-	-	-	-	-	231,546	-	-	-	-	-	-	-	-	231,546	-	-	-	-	231,546	222,729
Professional fees	-	221,237	6,924	-	-	46,827	941,391	456	65,295	-	160,203	195,864	2,742,821	257,446	4,638,464	1,021,172	15	1,021,187	(411,412)	5,248,239	3,081,000
Rating service	-	-	-	-	-	10,500	66,532	-	-	-	-	-	-	-	77,032	-	-	-	-	77,032	71,909
Sponsorship fees	-	-	-	-	-	167,448	169,434	103,785	590,704	-	-	-	-	-	1,031,371	1,203	-	1,203	(595,346)	437,228	299,727
Insurance	-	-	-	-	-	-	6,361	37,776	-	-	-	-	-	-	44,137	287,801	-	287,801	-	331,938	334,149
Printing	1,921	11,595	8,796	294	-	-	347	1,281	-	-	-	184	4,742	29,160	11,352	-	-	11,352	-	40,512	82,669
Reference materials	-	1,589	50	-	56	-	66	-	-	-	269	-	1,198	3,228	6,554	-	-	6,554	-	9,782	16,093
Dues	-	-	-	-	-	-	-	-	-	-	-	-	56	56	81,346	-	-	81,346	-	81,402	85,216
Conventions and conferences	-	-	231,102	-	-	-	-	-	-	-	-	-	-	232,524	-	-	-	-	-	232,524	235,040
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	138,875	-	-	138,875	(33,235)	105,640	105,733
Web hosting, registration and internet	-	-	-	1,776	-	-	-	-	98	-	-	-	-	-	1,874	43,014	-	43,014	-	44,888	39,740
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165
Assistance to members	-	13,060	-	-	-	-	-	-	-	-	-	-	-	45,225	58,285	-	-	-	-	58,285	46,000
Miscellaneous	-	-	-	-	-	10,837	-	-	-	-	-	-	828	11,665	69,951	-	-	69,951	-	81,616	50,546
Program banking fees	-	-	-	-	-	-	-	-	793,759	-	-	-	-	-	793,759	-	-	-	-	793,759	501,362
Total expenses	\$ 115,574	\$ 1,902,146	\$ 438,175	\$ 199,350	\$ 89,471	\$ 1,018,187	\$ 1,452,564	\$ 397,341	\$ 2,104,764	\$ -	\$ 160,645	\$ 224,024	\$ 2,969,481	\$ 464,044	\$ 11,535,766	\$ 3,224,690	\$ 652	\$ 3,225,342	\$ (1,568,356)	\$ 13,192,752	\$ 11,740,382

CONSOLIDATING STATEMENT OF EXPENSES BY ORGANIZATION

Year Ended June 30, 2010

With Comparative Totals for 2009

	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Iowa Schools Joint Investment Trust	Iowa Schools Cash Anticipation Program	Eliminations	2010 Consolidating Totals	2009 Comparative Totals
Salaries	\$ 3,302,933	\$ -	\$ -	\$ -	\$ -	\$ 3,302,933	\$ 3,898,524
Payroll taxes	207,921	-	-	-	-	207,921	225,886
Pension expense	388,449	-	-	-	-	388,449	588,608
Program management	-	81,428	354,094	-	(81,428)	354,094	433,322
Staff development	8,647	-	-	-	-	8,647	13,564
Marketing	10,018	-	196,935	-	(196,935)	10,018	26,778
Travel	209,497	-	-	-	-	209,497	303,006
Building operations	305,366	-	-	-	-	305,366	272,604
Equipment and computers	114,730	-	-	-	-	114,730	127,087
Depreciation and amortization	383,468	-	-	-	-	383,468	487,088
Office supplies	78,064	1,788	-	-	-	79,852	54,120
Cartage and postage	31,714	314	-	474	-	32,502	39,903
Telephone	39,950	-	-	20	-	39,970	37,263
Investment advisory fees	-	-	231,546	-	-	231,546	222,729
Professional fees	1,711,167	8,235	46,827	938,902	(203,412)	2,501,719	999,738
Skills Iowa expenses	2,742,821	-	-	-	-	2,742,821	2,058,432
Rating service	-	-	10,500	66,532	(166,948)	(89,916)	71,909
Sponsorship fees	436,728	-	167,448	169,434	(169,434)	604,176	299,729
Insurance	299,787	2,020	-	2,020	-	303,827	334,149
Printing	31,022	464	-	229	-	31,715	66,214
Reference materials	9,782	-	-	-	-	9,782	15,691
Dues	78,176	-	-	-	-	78,176	83,847
Conventions and conferences	294,771	-	-	-	-	294,771	336,897
Interest	105,640	-	-	-	-	105,640	105,730
Web hosting, registration and internet	44,088	-	-	800	-	44,888	39,740
Contributions	-	45,225	-	-	-	45,225	46,165
Assistance to members	13,060	-	-	-	-	13,060	-
Miscellaneous	32,447	-	10,837	4	-	43,288	50,262
Program banking fees	794,587	-	-	-	-	794,587	501,397
Total expenses	\$ 11,674,833	\$ 139,474	\$ 1,018,187	\$ 1,178,415	\$ (818,157)	\$ 13,192,752	\$ 11,740,382

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 9

CONSOLIDATING STATEMENT OF EXPENSES FOR
 IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY
 Year Ended June 30, 2010
 With Comparative Totals for 2009

	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	2010 Consolidating Totals	2009 Comparative Totals
Salaries	\$ 2,003,876	\$ 1,299,057	\$ -	\$ 3,302,933	\$ 3,898,524
Payroll taxes	121,809	86,112	-	207,921	225,886
Pension expense	312,928	75,521	-	388,449	588,608
Staff development	5,757	2,890	-	8,647	13,564
Marketing	-	10,018	-	10,018	26,778
Travel	191,195	18,302	-	209,497	299,378
Building operations	259,867	295,499	(250,000)	305,366	272,604
Equipment and computers	-	114,730	-	114,730	127,087
Depreciation and amortization	9,651	373,817	-	383,468	566,659
Office supplies	59,673	18,391	-	78,064	43,100
Cartage and postage	25,215	6,499	-	31,714	39,059
Telephone	17,852	22,098	-	39,950	37,044
Professional fees	1,063,492	855,675	(208,000)	1,711,167	966,205
Skills Iowa expenses	2,742,821	-	-	2,742,821	2,058,432
Sponsorship fees	-	695,692	(258,964)	436,728	303,670
Insurance	192,287	107,500	-	299,787	328,647
Printing	29,206	1,816	-	31,022	64,827
Reference materials	8,290	1,492	-	9,782	15,691
Dues	78,003	173	-	78,176	83,482
Conventions and conferences	293,349	1,422	-	294,771	336,897
Interest	-	138,875	(33,235)	105,640	105,730
Web hosting, registration and internet	3,276	40,812	-	44,088	37,340
Contributions	-	-	-	-	42,555
Assistance to members	13,060	-	-	13,060	-
Miscellaneous	29,493	2,954	-	32,447	39,412
Program banking fees	-	794,587	-	794,587	501,397
Total expenses	\$ 7,461,100	\$ 4,963,932	\$ (750,199)	\$ 11,674,833	\$ 11,022,576

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 10

CONSOLIDATING STATEMENT OF FINANCIAL POSITION FOR
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY AND
IOWA ASSOCIATION OF SCHOOL BOARDS FOUNDATION
 June 30, 2010

ASSETS	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Eliminations	Consolidating Totals
Cash and cash equivalents	\$ 661,207	\$ 308,713	\$ -	\$ 969,920	\$ 43,809	\$ -	\$ 1,013,729
Cash and cash equivalents held on behalf of the Iowa Council of School Board Attorney's Fund	46,230	-	-	46,230	-	-	46,230
Accounts receivable, net of allowance of \$38,000	481,710	88,665	-	570,375	-	-	570,375
Accounts receivable - related entities	456,209	347,403	-	803,612	-	(29,899)	773,713
Contributions receivable	-	-	-	-	5,030	-	5,030
Loan to LGS	5,645,751	-	(5,645,751)	-	-	-	-
Accrued interest receivable	70,114	-	(70,114)	-	-	-	-
Note receivable	769,172	-	(769,172)	-	-	-	-
Office property and equipment, net	2,555	3,362,533	-	3,365,088	-	-	3,365,088
Other assets	6,174	654	-	6,828	-	-	6,828
Total assets	\$ 8,139,122	\$ 4,107,968	\$ (6,485,037)	\$ 5,762,053	\$ 48,839	\$ (29,899)	\$ 5,780,993
LIABILITIES							
Accounts payable	\$ 387,347	\$ 147,636	\$ -	\$ 534,983	\$ 4,733	\$ -	\$ 539,716
Accounts payable - related entities	292,290	30	-	292,320	-	-	292,320
Due to IASB	-	5,645,751	(5,645,751)	-	18,774	(18,774)	-
Due to LGS	-	-	-	-	11,125	(11,125)	-
Deferred revenue	303,610	2,840	-	306,450	-	-	306,450
Interest rate swap	-	258,584	-	258,584	-	-	258,584
Accrued wages	204,927	135,114	-	340,041	-	-	340,041
Accrued vacation	28,717	13,345	-	42,062	-	-	42,062
Accrued interest	-	75,813	(70,114)	5,699	-	-	5,699
Accrued property taxes	-	103,200	-	103,200	-	-	103,200
	\$ 1,216,891	\$ 6,382,313	\$ (5,715,865)	\$ 1,883,339	\$ 34,632	\$ (29,899)	\$ 1,888,072
Agency fund - Iowa Council of School Board Attorney's Fund	\$ 46,230	\$ -	\$ -	\$ 46,230	\$ -	\$ -	\$ 46,230
Accrued pension benefit liability	\$ 795,684	\$ -	\$ -	\$ 795,684	\$ -	\$ -	\$ 795,684
Mortgage payable:							
Mortgage payable - US Bank	\$ -	\$ 1,133,520	\$ -	\$ 1,133,520	\$ -	\$ -	\$ 1,133,520
Mortgage payable - IASB	-	769,172	(769,172)	-	-	-	-
	\$ -	\$ 1,902,692	\$ (769,172)	\$ 1,133,520	\$ -	\$ -	\$ 1,133,520
Total liabilities	\$ 2,058,805	\$ 8,285,005	\$ (6,485,037)	\$ 3,858,773	\$ 34,632	\$ (29,899)	\$ 3,863,506
NET ASSETS AND ACCUMULATED (DEFICIT)							
Unrestricted	\$ 6,079,183	\$ -	\$ 281,010	\$ 6,360,193	\$ (3,117)	\$ -	\$ 6,357,076
Common stock	-	281,010	(281,010)	-	-	-	-
Accumulated (deficit)	-	(4,458,047)	-	(4,458,047)	-	-	(4,458,047)
Temporarily restricted	1,134	-	-	1,134	17,324	-	18,458
Total net assets and accumulated (deficit)	\$ 6,080,317	\$ (4,177,037)	\$ -	\$ 1,903,280	\$ 14,207	\$ -	\$ 1,917,487
Total liabilities and net assets	\$ 8,139,122	\$ 4,107,968	\$ (6,485,037)	\$ 5,762,053	\$ 48,839	\$ (29,899)	\$ 5,780,993

See Accompanying Independent Auditor's Report.

CONSOLIDATING STATEMENT OF ACTIVITIES FOR
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY AND
IOWA ASSOCIATION OF SCHOOL BOARDS FOUNDATION
Year Ended June 30, 2010

	Unrestricted						Temporarily Restricted			
	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Eliminations	Consolidating Totals	Iowa Association of School Boards	Iowa Association of School Boards Foundation	Consolidating Totals
REVENUES										
Memberships	\$ 1,279,788	\$ -	\$ -	\$ 1,279,788	\$ -	\$ -	\$ 1,279,788	\$ -	\$ -	\$ -
Publications, forms and materials	222,742	1,253	-	223,995	-	-	223,995	-	-	-
Convention and conferences	481,697	-	-	481,697	-	-	481,697	-	-	-
Consulting services	28,920	-	-	28,920	-	-	28,920	-	-	-
Professional services	499,495	-	(208,000)	291,495	8,577	-	300,072	-	-	-
Contributions	-	-	-	-	305	-	305	-	5,030	5,030
Administrative services	-	2,125,629	-	2,125,629	-	(81,428)	2,044,201	-	-	-
Online payment services	-	2,048,578	-	2,048,578	-	-	2,048,578	-	-	-
Sponsorships	837,783	-	(258,964)	578,819	-	-	578,819	-	-	-
Risk management and insurance program	507,489	-	-	507,489	-	-	507,489	-	-	-
Grants	3,368,090	-	-	3,368,090	60,000	-	3,428,090	-	-	-
Rental income	-	368,349	(250,000)	118,349	-	-	118,349	-	-	-
Net assets released from restrictions satisfied by payments	3,000	-	-	3,000	46,949	-	49,949	(3,000)	(46,949)	(49,949)
Total revenues	\$ 7,229,004	\$ 4,543,809	\$ (716,964)	\$ 11,055,849	\$ 115,831	\$ (81,428)	\$ 11,090,252	\$ (3,000)	\$ (41,919)	\$ (44,919)
EXPENSES										
Program services:										
Advocacy services	\$ 115,574	\$ -	\$ -	\$ 115,574	\$ -	\$ -	\$ 115,574	\$ -	\$ -	\$ -
Governance and leadership services	1,902,146	-	-	1,902,146	-	-	1,902,146	-	-	-
Convention and conferences	438,175	-	-	438,175	-	-	438,175	-	-	-
Lighthouse	199,350	-	-	199,350	-	-	199,350	-	-	-
CLIK	42,521	-	-	42,521	46,950	(46,950)	42,521	-	-	-
Administrative services	-	283,248	-	283,248	-	-	283,248	-	-	-
Employee benefits services	-	397,341	(51,892)	345,449	-	-	345,449	-	-	-
Online payment services	3,787	2,100,977	(207,072)	1,897,692	-	-	1,897,692	-	-	-
Background check services	198	160,447	-	160,645	-	-	160,645	-	-	-
Drug and alcohol testing services	3,365	220,659	-	224,024	-	-	224,024	-	-	-
Assessment services	2,969,481	-	-	2,969,481	-	-	2,969,481	-	-	-
Other programs	140,239	243,409	-	383,648	80,396	(34,478)	429,566	-	-	-
	\$ 5,814,836	\$ 3,406,081	\$ (258,964)	\$ 8,961,953	\$ 127,346	\$ (81,428)	\$ 9,007,871	\$ -	\$ -	\$ -
Supporting services:										
Management and general	\$ 1,646,264	\$ 1,557,851	\$ (491,235)	\$ 2,712,880	\$ 11,476	\$ -	\$ 2,724,356	\$ -	\$ -	\$ -
Fundraising	-	-	-	-	652	-	652	-	-	-
	\$ 1,646,264	\$ 1,557,851	\$ (491,235)	\$ 2,712,880	\$ 12,128	\$ -	\$ 2,725,008	\$ -	\$ -	\$ -
Total expenses	\$ 7,461,100	\$ 4,963,932	\$ (750,199)	\$ 11,674,833	\$ 139,474	\$ (81,428)	\$ 11,732,879	\$ -	\$ -	\$ -
OTHER REVENUE (EXPENSE)										
Interest income	\$ 35,188	\$ 419	\$ (33,235)	\$ 2,372	\$ 217	\$ -	\$ 2,589	\$ -	\$ -	\$ -
Change in value of interest rate swap	-	(51,083)	-	(51,083)	-	-	(51,083)	-	-	-
Change in accrued pension liability	496,775	-	-	496,775	-	-	496,775	-	-	-
Loss on discontinued software	-	(66,708)	-	(66,708)	-	-	(66,708)	-	-	-
Total other revenue (expense)	\$ 531,963	\$ (117,372)	\$ (33,235)	\$ 381,356	\$ 217	\$ -	\$ 381,573	\$ -	\$ -	\$ -
Change in net assets and net (loss)	\$ 299,867	\$ (537,495)	\$ -	\$ (237,628)	\$ (23,426)	\$ -	\$ (261,054)	\$ (3,000)	\$ (41,919)	\$ (44,919)
Net assets (deficit) at beginning of year	5,779,316	(3,920,552)	281,010	2,139,774	20,309	-	2,160,083	4,134	59,243	63,377
Net assets (deficit) at end of year	\$ 6,079,183	\$ (4,458,047)	\$ 281,010	\$ 1,902,146	\$ (3,117)	\$ -	\$ 1,899,029	\$ 1,134	\$ 17,324	\$ 18,458

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 12

CONSOLIDATING STATEMENT OF CASH FLOWS FOR
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY AND
IOWA ASSOCIATION OF SCHOOL BOARDS FOUNDATION
Year Ended June 30, 2010

	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Eliminations	Consolidating Totals
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in net assets and net (loss)	\$ 296,867	\$ (537,495)	\$ -	\$ (240,628)	\$ (65,345)	\$ -	\$ (305,973)
Adjustments to reconcile the change in net assets and net (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	9,651	373,817	-	383,468	-	-	383,468
Swap liability	-	51,083	-	51,083	-	-	51,083
Change in assets and liabilities:							
(Increase) decrease in assets:							
Accounts receivable	(238,404)	(94,483)	(95,527)	(428,414)	-	(102,680)	(531,094)
Pledges receivable	-	-	-	-	(5,030)	-	(5,030)
Accrued interest receivable	(4,515)	-	(4,520)	(9,035)	-	-	(9,035)
Other assets	65,023	(519)	-	64,504	-	-	64,504
Increase (decrease) in liabilities:							
Agency funds	(2)	-	-	(2)	-	-	(2)
Due to IASB	-	-	-	-	(98,101)	98,101	-
Due to LGS	-	-	-	-	(4,579)	4,579	-
Accounts payable	586,704	(470,717)	95,527	211,514	4,733	-	216,247
Accrued property taxes	-	(712)	-	(712)	-	-	(712)
Accrued interest	-	4,278	4,520	8,798	-	-	8,798
Accrued wages	204,927	135,114	-	340,041	-	-	340,041
Accrued vacation	(2,456)	(3,462)	-	(5,918)	-	-	(5,918)
Accrued pension liability	(496,775)	-	-	(496,775)	-	-	(496,775)
Deferred revenue	(260,251)	(387)	-	(260,638)	(8,577)	-	(269,215)
Net cash provided by (used in) operating activities	<u>\$ 160,769</u>	<u>\$ (543,483)</u>	<u>\$ -</u>	<u>\$ (382,714)</u>	<u>\$ (176,899)</u>	<u>\$ -</u>	<u>\$ (559,613)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds received from borrowings to LGS	\$ 725,359	\$ -	\$ (725,359)	\$ -	\$ -	\$ -	\$ -
Loans to LGS	(1,466,402)	-	1,466,402	-	-	-	-
Amounts expended for computer software	-	(4,800)	-	(4,800)	-	-	(4,800)
Purchase of property and equipment	-	(40,460)	-	(40,460)	-	-	(40,460)
Net cash (used in) investing activities	<u>\$ (741,043)</u>	<u>\$ (45,260)</u>	<u>\$ 741,043</u>	<u>\$ (45,260)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from borrowings from IASB	\$ -	\$ 1,466,402	\$ (1,466,402)	\$ -	\$ -	\$ -	\$ -
Payments on borrowings from IASB	-	(725,359)	725,359	-	-	-	-
Principal payments on notes payable	-	(23,550)	-	(23,550)	-	-	(23,550)
Net cash provided by (used in) financing activities	<u>\$ -</u>	<u>\$ 717,493</u>	<u>\$ (741,043)</u>	<u>\$ (23,550)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,550)</u>
Net increase (decrease) in cash and cash equivalents	\$ (580,274)	\$ 128,750	\$ -	\$ (451,524)	\$ (176,899)	\$ -	\$ (628,423)
Cash and cash equivalents at beginning of year	1,241,481	179,963	-	1,421,444	220,708	-	1,642,152
Cash and cash equivalents at end of year	<u>\$ 661,207</u>	<u>\$ 308,713</u>	<u>\$ -</u>	<u>\$ 969,920</u>	<u>\$ 43,809</u>	<u>\$ -</u>	<u>\$ 1,013,729</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION							
Cash payments for interest	<u>\$ -</u>	<u>\$ 134,597</u>	<u>\$ (28,714)</u>	<u>\$ 105,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,883</u>

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 13

CONSOLIDATING STATEMENT OF EXPENSES FOR
IOWA ASSOCIATION OF SCHOOL BOARDS & SUBSIDIARY AND
IOWA ASSOCIATION OF SCHOOL BOARDS FOUNDATION
Year Ended June 30, 2010

	Iowa Association of School Boards	Local Government Services, Inc.	Eliminations	Iowa Association of School Boards & Subsidiary	Iowa Association of School Boards Foundation	Eliminations	Consolidating Totals
Salaries	\$ 2,003,876	\$ 1,299,057	\$ -	\$ 3,302,933	\$ -	\$ -	\$ 3,302,933
Payroll taxes	121,809	86,112	-	207,921	-	-	207,921
Pension expense	312,928	75,521	-	388,449	-	-	388,449
Program management	-	-	-	-	81,428	(81,428)	-
Staff development	5,757	2,890	-	8,647	-	-	8,647
Marketing	-	10,018	-	10,018	-	-	10,018
Travel	191,195	18,302	-	209,497	-	-	209,497
Building operations	259,867	295,499	(250,000)	305,366	-	-	305,366
Equipment and computers	-	114,730	-	114,730	-	-	114,730
Depreciation and amortization	9,651	373,817	-	383,468	-	-	383,468
Office supplies	59,673	18,391	-	78,064	1,788	-	79,852
Cartage and postage	25,215	6,499	-	31,714	314	-	32,028
Telephone	17,852	22,098	-	39,950	-	-	39,950
Professional fees	1,063,492	855,675	(208,000)	1,711,167	8,235	-	1,719,402
Skills Iowa expenses	2,742,821	-	-	2,742,821	-	-	2,742,821
Sponsorship fees	-	695,692	(258,964)	436,728	-	-	436,728
Insurance	192,287	107,500	-	299,787	2,020	-	301,807
Printing	29,206	1,816	-	31,022	464	-	31,486
Reference materials	8,290	1,492	-	9,782	-	-	9,782
Dues	78,003	173	-	78,176	-	-	78,176
Conventions and conferences	293,349	1,422	-	294,771	-	-	294,771
Interest	-	138,875	(33,235)	105,640	-	-	105,640
Web hosting, registration and internet	3,276	40,812	-	44,088	-	-	44,088
Contributions	-	-	-	-	45,225	-	45,225
Assistance to members	13,060	-	-	13,060	-	-	13,060
Miscellaneous	29,493	2,954	-	32,447	-	-	32,447
Program banking fees	-	794,587	-	794,587	-	-	794,587
Total expenses	\$ 7,461,100	\$ 4,963,932	\$ (750,199)	\$ 11,674,833	\$ 139,474	\$ (81,428)	\$ 11,732,879